

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Fresno First Bank

Point of Contact:	Steve Canfield - CFO	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	262	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	1,968,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 23, 2009	City:	Fresno
Date Repaid ¹ :	N/A	State:	California

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

During 2010 we increased gross loans outstanding by \$12.9 million or 16.7%. Since receiving CPP funds in January 2009 we have increased our loans outstanding by 38.5%

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

We are primarily a commercial/business lender. The major categories that increased were commercial & industrial loans followed by commercial real estate (generally owner occupied) and some increase in agricultural loans.

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

The TARP CPP funds have allowed our Bank to maintain Tier 1 leverage ratios in excess of 11% while maintaining a very well funded loan loss reserve. We feel this is a prudent financial position to be in given the uncertainties in our economy.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Our Board and Management believe it is prudent to maintain a capital level in excess of regulatory minimums. When we applied for CPP funds we were very well capitalized but were growing at a rate that exceeded our internal capital creation rate. We forecast that if we achieved our grow targets over a two year period, our Tier 1 capital could drop below 10% (a threshold we determined we wanted to stay above). If we fell to this level, and lacking additional capital, we would have no choice but to slow or stop growth and curtail lending. Based on the financial market problems in late 2008, it was our feeling that the capital markets and our ability to raise additional capital at a reasonable cost would likely be problematic for several years. Having the additional capital buffer provided by the CPP funds allowed the bank to continue growing and serving our community (thus avoiding having to slow or halt growth and lending altogether).

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

As stated above, being a young bank growing at approximately 20% per year, our desire and use of the capital was to insure we could continue growing at a reasonable pace while maintaining a well capitalized level. The CPP funds allowed Fresno First this opportunity and we have been able to grow profitably and by nearly 40% during the two years we have had CPP funds. Our growth has resulted in approximately \$25 million in new loan primarily to small businesses in the Fresno area.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

Growth and additional lending in our community sums it up.